

# Waste, Fraud, and Abuse Elimination Task Force

- ***REFORMING GOVERNMENT***
- ***ELIMINATING WASTE***
- ***SAVING TAXPAYER DOLLARS***

**PUBLIC COMMENTS  
AND SUGGESTIONS  
QUARTERLY REPORT**

**APRIL-JUNE 2012**

JULY 2012

## **WISCONSIN REFORM MATERIALS ARE AVAILABLE ON THE INTERNET**

To save taxpayer dollars and promote transparency in government, all quarterly reports of the Governor's Waste, Fraud, and Abuse Elimination Task Force have been published on the Internet for the public's view.

More of Governor Walker's reforms and the comprehensive Waste, Fraud, and Abuse Commission report can be viewed via the Governor's reform website at: <http://www.walker.wi.gov/Wisconsin-Reform>.

To submit an idea directly to the Governor's Waste, Fraud, and Abuse Elimination Task Force, go to: <http://www.bestpractices.wi.gov>.

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## A. Letter from the Governor

Dear Fellow Wisconsinites:

State government should be transparent, efficient, and engage in a continuous improvement process with the goal of delivering quality services to its citizens at the most affordable price possible. Unfortunately, this has not always been the case in Wisconsin.

From 2003-2010, Wisconsin's biennial budget increased 33 percent to over \$62 billion, and the Pew Center for the States identified Wisconsin as a state in fiscal peril. This is why, upon taking office in January 2011, I created a bipartisan Commission on Waste, Fraud, and Abuse. The goal was to create efficiencies by eliminating waste, fraud, and abuse in Wisconsin government.

In January of 2012, the Commission published its final report detailing their results and recommendations. The report included total savings from state and local governments of more than \$455 million annually. We have already begun to implement some of the Commission's recommendations and these reforms have saved taxpayers tens of millions of dollars.

That is a great start, but identifying waste is not enough; we need to eliminate it. To that end, during my State of the State address in January 2012, I announced the creation of the Governor's Waste, Fraud, and Abuse Elimination Task Force. This Task Force is charged with implementing the Commission's recommendations and investigating submissions from the public and state employees to continue our focus on saving taxpayer dollars and making Wisconsin government more efficient.

In April of 2012, the Task Force published its first quarterly report detailing the activities of the Task Force for the first quarter of 2012, in which it received 123 submissions from the public and state employees. This report is the second such report and includes 22 submissions. Through the case studies in this report you can see how the Task Force is responsive to the public and is working with state agencies to be diligent with taxpayer dollars and continuously working to make government more efficient.

Right-sizing state government starts by identifying the areas where state government has not been a good steward of taxpayer dollars, and the Commission and Task Force are steps in restoring the people's trust in their government. By instilling a continuous improvement philosophy in state government, we can improve the quality of government and reduce its price to taxpayers.

Working together, we can be successful and continue to move Wisconsin forward.

Sincerely,



Scott Walker  
Governor

## B. Executive Summary

This report highlights the activities of the Governor's Waste, Fraud and Abuse Elimination Task Force (Task Force) in the second quarter of 2012 from April to June as it relates to submissions from the public and state employees. The Task Force was created on January 25, 2012, and was announced during Governor Walker's 2012 State of the State address.

The Task Force reviews and investigates submissions from the public via [bestpractices.wi.gov](http://bestpractices.wi.gov). These submissions are first reviewed and investigated, along with input from state agencies, by the Task Force members in the Governor's Office and after the review process is complete decisions to advance these recommendations are brought before the full membership of the Task Force.

This is a summary of the submissions to the Task Force in the second quarter of 2012. As well, there are recommendations included that have been made by the Task Force to state agencies.

Highlights from this quarterly report:

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- One public recommendation to the Task Force was to initiate a coordinated "Lean Government" initiative within state government. The subject of Lean was discussed by the Governor's Waste, Fraud, and Abuse Commission. That Commission recommended a statewide initiative be implemented.

On May 2, 2012 Governor Walker signed Executive Order #66 beginning the Wisconsin Lean Government Initiative. All cabinet agencies are now required to begin implementing a coordinated Lean program. This initiative is only beginning, but results and projects are already being tracked at <http://www.walker.wi.gov/Wisconsin-Reform/lean-Government>.

- A state employee suggested the State of Wisconsin pay its employees on a monthly basis instead of every two weeks. This suggestion will be reviewed, but other payroll efficiencies are already saving taxpayers tens of thousands of dollars annually.
- A suggestion to the Task Force was to review Department of Health Services (DHS) overtime policies in its 24-hour institutions. DHS is currently reviewing its policies. According to April DHS payroll data overtime has dropped roughly 18% from the previous year's amount. The review should shed light on why this is occurring.

The suggestion was in response to the Department of Corrections (DOC) Division of Adult Institutions saving \$2.1 million in the first quarter of 2012 by instituting common sense policies

- *Governor Walker created the Wisconsin Lean Government Initiative on May 2, 2012.*
- *Cutting down on paper and supplies in payroll has saved taxpayers tens of thousands of dollars annually and reduced state employee workload.*
- *The Department of Corrections has turned a projected increase in overtime costs last fiscal year into a decline using the tools provided by 2011 Wisconsin Act 10 ending abuse, saving taxpayers millions.*

- *Overtime in DOC's Division of Community Corrections has dropped 89.5% after compensation plan changes and new policies.*
- *The combination of compensation plan changes and new DOC policy resulted in an overall savings of 30% in just four months.*
- *The Department of Health Services is reviewing the causes of its 18% drop in overtime for April compared to the previous year's amount.*
- *There were 22 submissions to the Task Force in the second quarter of 2012.*
- *A new section was added to the quarterly report updating other efforts to eliminate waste, fraud, and abuse.*

which allow supervisors to manage overtime needs in its adult institutions. Updated savings numbers show DOC reversed a projected increase in overtime costs for fiscal year 2012 in its adult institutions and turned it into a decline, saving taxpayers millions. Across the Department, DOC saw a drop in overtime of 25.5% in the first pay periods following the implementation of the new compensation plan and ended the year 5.1% under last year's overtime costs. Once DOC's new human resources policies were introduced, the savings grew in each division for an overall savings of 30.2% in the final four months of the fiscal year.

Most notably, overtime costs in DOC's Division of Community Corrections have dropped 89.5%. This was due to the elimination of provisions previously contained in collective bargaining contracts which restricted DOC's ability to effectively manage workloads and associated overtime costs.

- A business owner submitted to the Task Force a recommendation to reduce employer reporting requirements to the Department of Financial Institutions (DFI). This reporting requirement is under review by DFI in cooperation with the Task Force.

- This quarter the Task Force received 22 submissions. This is a substantial drop from the 123 seen in the kick-off report published immediately following the creation of the Task Force. However, the 22 submissions isn't out of the ordinary considering the Legislative Audit Bureau's Waste, Fraud, and Abuse hotline received 79 submissions in all of calendar year 2011 or an average of 20 per quarter.

### C. Input from the Public

From April through June 2012, the Task Force received a total of 22 submissions from the public and state employees.

As shown in Table 1, the most common topic of the public submissions was the Wisconsin Shares program (27% of total). Comments specifically regarding the Wisconsin Shares program were organized into its own unique topic category, due to a high volume of comments specifically related to this program. The next most common topics were state public assistance, government efficiency, budget practices, state elections, and state purchasing and contracting.

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Table 1

Topics	Percentage
Various Other	27%
Wisconsin Shares Program	27%
Public Assistance	18%
Government Efficiency	14%
Budget Practices	5%
State Elections	5%
State Purchasing and Contracting	5%
<b>Total</b>	<b>100%</b>

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Suggestions included in the column 'Various Other' include issues such as complaints unique to a specific location, random agency complaints not easily categorized, and other topics that are too unique to categorize. However, these suggestions along with all others are reviewed by the Task Force.

Of the total submissions received by the Task Force, the vast majority has been resolved (82% of total). A complete breakdown on the status of public submissions is shown in Table 2.

## D. Public Comments and Suggestions

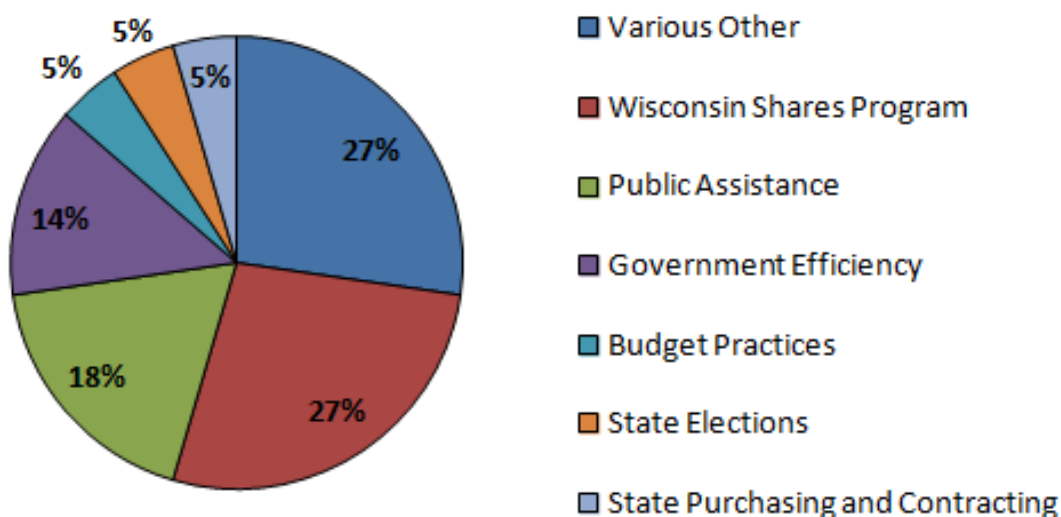
The Governor and Task Force are grateful for the ideas and the interest shown from the public and state employees to continue the focus to save taxpayer dollars and make government more efficient.

The Task Force reviews and investigates submissions from the public to the Task Force via [bestpractices.wi.gov](https://bestpractices.wi.gov). These submissions are first reviewed and investigated, along with input from state agencies, by the Task Force members in the Governor's office and, after the review process is complete, decisions to advance these recommendations are brought before the full membership of the Task Force.

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Figure 1

**Public Comments and Suggestions by Topic**





As shown below in Table 2 and Figure 2, 82% of public comments and suggestions submitted to the Task Force in the second quarter of 2012 have since been resolved either by Task Force members in the Governor's Office or by the Task Force's state agency sub-groups. Of the remaining submissions, 9% are under review. Lastly, 9% of submissions required no further action. These submissions, however, still received a response from the Task Force thanking the individual for their submission.

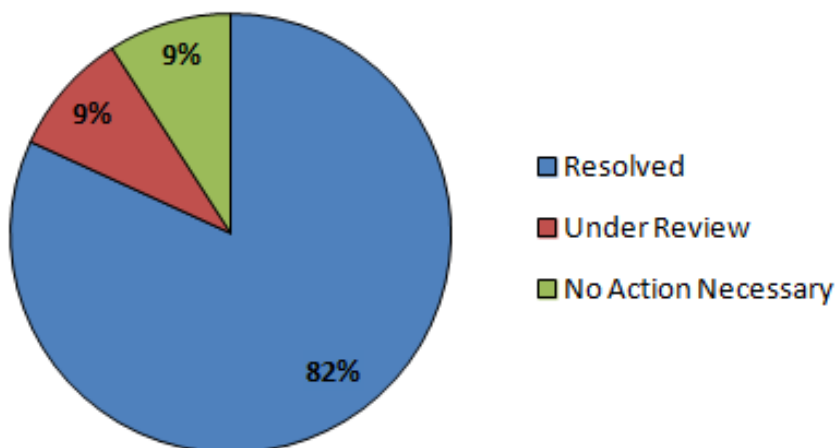
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Table 2

**Status of Public Comments and Suggestions**

Status	Percentage
Resolved	82%
Under Review	9%
No Action Necessary	9%
<b>Total</b>	<b>100%</b>

Figure 2



## E. Selected Cases Submitted to the Task Force

Public comments and suggestions submitted to the Task Force involve a variety of issues. Some submissions involve topics with a narrow focus, while other comments and suggestions require a broader review, such as evaluating the efficiency and success of a state program. The following cases submitted to the Task Force were selected to highlight some of the submissions from April to June 2012 that are being acted upon by the Task Force.

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### Lean Government Initiative

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A suggestion was submitted to the Task Force related to the creation and implementation of a state agency-wide Lean government initiative.

#### **Background**

The Governor's Commission on Waste, Fraud, and Abuse held meetings discussing the idea of instituting an agency-wide Lean government initiative. Included in the [final report](#) was a recommendation to do so and several options to make this a reality.

On May 2, 2012 Governor Walker signed Executive Order #66 beginning a cabinet agency-wide Lean Government initiative. The initiative is only beginning. Projects and results can be viewed as they are finalized at, <http://www.walker.wi.gov/Wisconsin-Reform/lean-Government>.

Lean is a continuous improvement philosophy. The public, state employees, suppliers, managers, and executives will work together on projects designed to improve operational efficiencies and maximize financial savings. By mapping the status quo and identifying the deliverables that are "critical to" customer needs and satisfaction, everyone works in cooperation to identify and eliminate the non-value added processes. The result of Lean is increased efficiencies in services for the customers of state government. In addition, Lean provides a safer, more streamlined workplace for its employees, which is critical given continued high vacancy rates within state agencies. This initiative will eliminate waste, save time and cost, and improve government services to the benefit of state residents and employers.

Wisconsin government should always be looking for ways to improve operations and services. Lean initiatives provide a framework for continuous improvement. These processes save taxpayer money, improve workplace safety, and allow government to better serve the public.

#### **Action Item(s)**

- *Continue to implement the initiative across state agencies. Track results and monitor progress via the Governor's "Lean Government Initiative" webpage.*

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## Going Paperless

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A suggestion was submitted to the Task Force from a state employee related to reducing the number of times state employees are paid to once per month as opposed to once every two weeks.

### **Background**

This suggestion is being reviewed by the Task Force with the Department of Administration (DOA). In the interim, state agencies have begun to implement one of the recommendations of the Waste, Fraud, and Abuse Commission related to payroll savings. That being to reduce the prevalence of paper payroll stubs when they are unnecessary. A full list of agencies reviewing this action and those that have already done so with savings estimates are in Appendix 1.

The option of going paperless has been available to agencies that use DOA's central payroll system since April of 2009. It was and is still up to the agency to decide.

Moving to paperless pay stubs has been more difficult than it otherwise should be for some agencies. In the Waste, Fraud, and Abuse Commission Final Report, it recommended improving time reporting systems to better manage the state's 24-hour institutions. Because PTA Web, the DOA Central Payroll time reporting system, is outdated and difficult to change this has been challenging and the success of these transitions is uncertain.

PTA Web is a payroll program first developed in state government in 1996 as a Department of Workforce Development time reporting system and was later maintained by DOA in 2001 and offered to other state agencies in 2004. It was not originally designed to handle all state government agencies time reporting. Along with PTA Web, there are other legacy payroll systems state agencies use. By implementing one flexible system the state could handle all of its time reporting and could reduce inefficiencies in the current systems.

A more modern system that is able to manage all the state's payroll time reporting on an enterprise level would be more efficient and could more effectively eliminate abuses that exist in the current system. State agency WRS covered payroll, excluding UW System, totals just below \$2 billion annually so effectively managing payroll costs is immensely important for the fiscal and operational health of the state.

### **Action Item(s)**

- *Continue to implement payroll savings in all state agencies. The Task Force will review the idea of going to one paycheck per month with the Department of Administration.*
- *More importantly, the Task Force suggests the Department of Administration work to update its state information technology system for payroll time reporting on an enterprise level. The current system is unlikely to be flexible enough to efficiently handle the state's 24-hour institutions and is a liability where it should be an asset. By upgrading the system the state would mitigate system risk and make something as essential as payroll time reporting accurate, flexible, and efficient where it isn't currently.*

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## Overtime Abuse

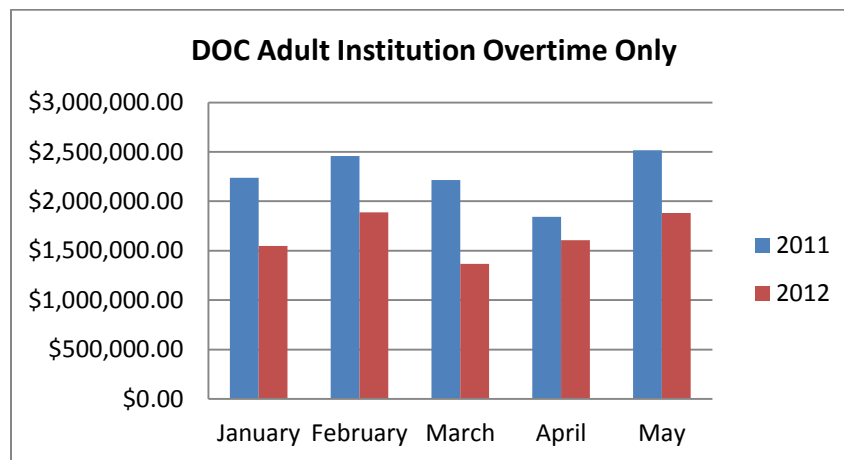
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A suggestion was submitted to the Task Force related to reducing overtime abuse in DHS's 24-hour institutions similar to what has occurred through reforms within DOC.

### **Background**

DHS is currently reviewing this suggestion and the reasons why its overtime has dropped 18% compared to last year.

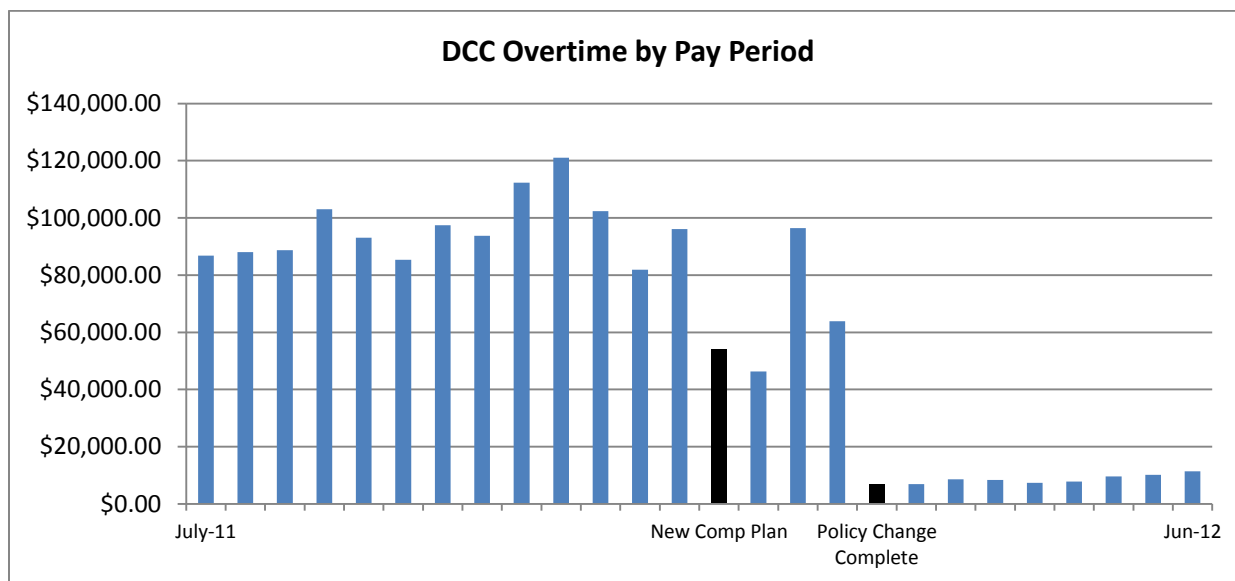
As previously reported, DOC has saved more than \$2.1 million in the first quarter of 2012 alone due to overtime compensation reforms aimed at eliminating artificial overtime and restoring effective management control on overtime generating shifts. These savings continued to grow totaling more than \$636,000 in additional savings in May of 2012 compared to the previous year in the Division of Adult Institutions alone. At the close of the fiscal year, DOC turned a projected increase in overtime at its adult institutions into a decline in overtime.



The Division of Community Corrections saw a dramatic decline in overtime costs as well. The overtime costs declined 89.5%. This was due to the change to a new compensation plan and the elimination of collectively bargained provisions that inhibited DOC's ability to effectively manage employee workloads which allowed for abuse to occur. DOC implemented the new compensation plan and developed new policies aimed to reduce abuse and create better workload management strategies. Employees continue to be fairly compensated for overtime and DOC fully complies with all Fair Labor Standards Act provisions.

The provisions in the old collective bargaining contracts allowed probation and parole agents to bank compensation time for sixteen months, decide on their own whether or not to get cash payouts for the banked time, and limited supervisors ability to effectively manage agents time that in many cases resulted in unnecessary premium overtime payments.

Now, rather than automatic formulas and dictates, supervisors discuss the need for overtime and approve agent's overtime usage. Since policy changes were made requiring staff to justify their need for paid overtime, overtime usage has dropped dramatically. Paid overtime is now primarily earned when directed by the supervisor rather than independently by a formula or the employee.



#### **Action Item(s)**

- *Continue to monitor state agency overtime in all 24-hour state institutions to reduce abuse and fairly compensate the state's great employees.*

#### **Reducing Unnecessary Reporting Requirements**

A suggestion was submitted to the Task Force from a business owner to reduce the number of times businesses must submit a Domestic Corporation Annual Report from once per year to once every biennium.

#### **Background**

The Domestic Corporation Annual Reports are collected by the Corporation Section of the Division of Corporate & Consumer Services at DFI. This is the filing office for the organizational instruments to create corporations, limited partnerships, limited liability partnerships, and LLC's. This unit also licenses foreign organizations wanting to do business in Wisconsin.

DFI believes this idea has merit and will take it under consideration. The change would require statutory changes.

DFI has moved many registrations online to save on customer costs and reduce both agency and employer paperwork. Roughly 75% of DFI registrations are LLC's and 92% of those file electronically.

#### **Action Item(s)**

- *The Department of Financial Institutions is reviewing this suggestion.*

## F. Waste, Fraud, and Abuse Task Force Updates

### Department of Health Services Office of Inspector General Update

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Governor Walker [announced the creation](#) of the Office of the Inspector General (OIG) in the fall of 2011. The goal was to consolidate and improve DHS's public assistance program integrity and fraud prevention efforts. The OIG is assisting in implementing final recommendations made by the Governor's Commission on Waste, Fraud and Abuse as well.

Previously, program integrity and anti-fraud efforts were housed within individual programs located throughout the Department. The OIG brought each of these efforts into one office reporting directly to the Secretary. The individual programs serve more than one million people and have a biennial budget of more than \$14 billion.

#### **Results from the Recipient Fraud Unit**

	March 2012	April 2012	May 2012	June 2012
<b>OIG Measures</b>				
Benefits Saved (Cost Avoidance)	\$627,954	\$589,236	\$889,332	\$565,968
Payments Recouped	\$327,181	\$420,921	\$551,999	\$428,233
Investigations Completed	292	298	559	333
Persons Suspended from FoodShare Program	15	8	15	11
Program Costs (Estimated)	\$54,167	\$54,167	\$54,167	\$54,167
Benefit/Cost Ratio (program savings per dollar spent on fraud detection)	\$17.63	\$18.64	\$26.88	\$18.35

## **G. Task Force Membership**

### Craig Barkelar

Administrator, Division of Unemployment Insurance  
Wisconsin Department of Workforce Development

### Brian Hayes

Budget Director and Administrator, Division of Executive Budget and Finance  
Wisconsin Department of Administration

### Waylon Hurlburt

Policy Advisor  
Office of Governor Scott Walker

### Jack Jablonski

Deputy Secretary  
Wisconsin Department of Revenue

### Steve Krieser

Executive Assistant  
Wisconsin Department of Transportation

### Helen McCain

Administrator, Division of Enterprise Operations  
Wisconsin Department of Administration

### Kevin Moore

Executive Assistant  
Wisconsin Department of Health Services

### Dennis Schuh

Executive Assistant  
Wisconsin Department of Corrections

### Summer Shannon-Bradley

Administrator, Division of Facilities Development  
Wisconsin Department of Administration

### Nate Yahn

Policy Advisor  
Office of Governor Scott Walker

## H. Appendix 1

	Payroll Stub Savings
DATCP	\$1,344
DCF	\$10,000
DFI	-
DHS <sup>1</sup>	-
DNR	\$11,232
DOA	-
DOC <sup>2</sup>	\$13,000
DOR <sup>3</sup>	\$2,400
DOT	\$36,561
DSPS	\$4,800
DWD	\$9,400
OCI	-
OSER	-
PSC	-
Tourism	-
WEDC	\$5,000
WDVA <sup>4</sup>	\$9,000
WHEDA <sup>5</sup>	-
<b>Total</b>	<b>\$102,737</b>

The cabinet level agencies above highlighted in yellow use DOA's central payroll system for their payroll processing. If all these agencies as well as all the boards who use DOA's central payroll went paperless, the savings would be an additional \$13,800 annually. This includes only materials, not possible staff cost savings.

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<sup>1</sup>DHS is working to reduce the number of paper pay stubs. However, two of the divisions currently use paper time and attendance, making direct deposit a difficult option. DHS is working with DOA to convert these divisions to PTA Web. Once completed, these divisions should be able to go paperless. The option to move to PTA Web was made possible by 2011 Act 10 which simplified payroll at DHS's 24-hour institutions.

<sup>2</sup> DOC has moved all employees that are on PTA Web to paperless pay stubs. However, similar to DHS they must wait until DOA central payroll can accommodate staff who are currently on paper time reporting. DOA is reviewing options to make this a reality.

<sup>3</sup> DOR switched to paperless in the spring of 2009.

<sup>4</sup> WDVA has moved employees that can to paperless saving \$9,000 annually. They are testing whether they can move their 24-hour staff to paperless. If so, the total savings would rise to \$25,000 annually.

<sup>5</sup> WHEDA switched to paperless pay stubs in 2009 with their vendor.



